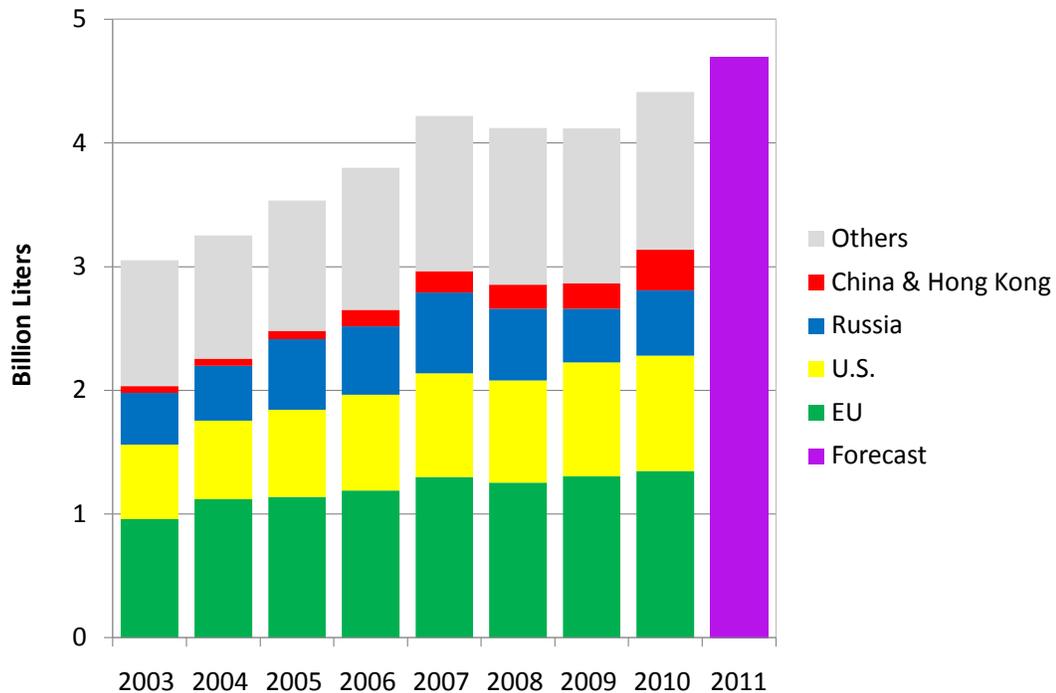




Wine: World Markets and Trade

World Wine Imports Rebound to Record



In 2011, global wine trade is expected to continue to expand to another record. In 2010, global wine imports reached 4.4 billion liters, up 7 percent from the previous year, driven largely by stronger demand from Russia, China, and Hong Kong. After a slight downturn in 2008 and 2009 due to the economic recession, world trade is returning to trend.

Major Importers

The European Union (EU) is the world's largest supplier, consumer, exporter, and importer of wine. In 2011, imports are expected to expand moderately on stronger demand for inexpensive imported wines. In 2010, EU imports were up 3 percent to 1.3 billion liters on greater demand for Australian and U.S. wines. Over the past several years, the rate of growth has been slowing due to policies aimed at social and health concerns and competition from alternative beverages. At the same time, unit values dropped as consumers demanded less expensive wines.

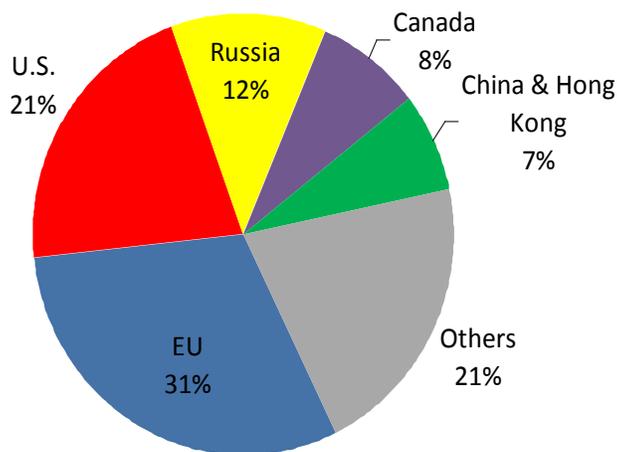
The United States is the second largest import market. Imports are forecast to continue trending upward on higher consumption and interest in trying new wines. Last year, imports reached 932 million liters on greater shipments from the EU. The EU supplies about half of the U.S. imports, followed by Australia (over 20 percent) and Chile (15 percent). In a reversal of earlier trends,

bottled wine imports grew by value and volume, while bulk wine shipments fell, indicating that consumers have embraced more expensive brands.

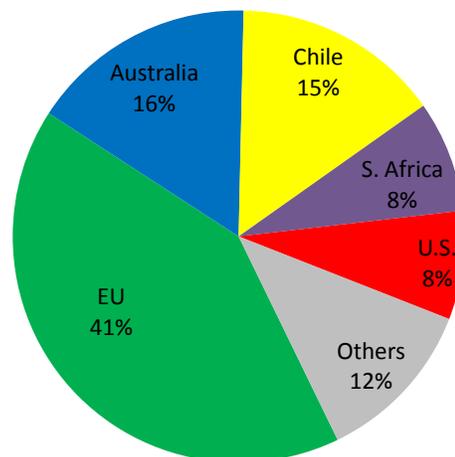
Imports by China and Hong Kong are expected to continue to surge due to greater interest in international brands, increased promotion from major suppliers, and rising incomes. In 2010, their imports grew almost 70 percent to more than 300 million liters. Europe's aggressive marketing efforts have allowed them to carve out half of this import market, while Australia accounts for 20 percent and the United States 10 percent. Over the past several years, the demand for bottled imports has grown faster than bulk as consumers moved up the quality chain.

The outlook for Russia's imports is also positive. Last year, Russia's imports grew 20 percent to 530 million liters on stronger demand for European wines, which account for more than 60 percent of the total. In comparison, the United States supplies less than 1 percent due to freight and logistics disadvantages. Over the past several years, shipments of bulk wine have expanded faster than bottled and now account for half of total volume. Lower bulk unit costs helped drive the increase.

EU & the United States Represent Half of Global Wine Imports



EU Dominates Wine Exports

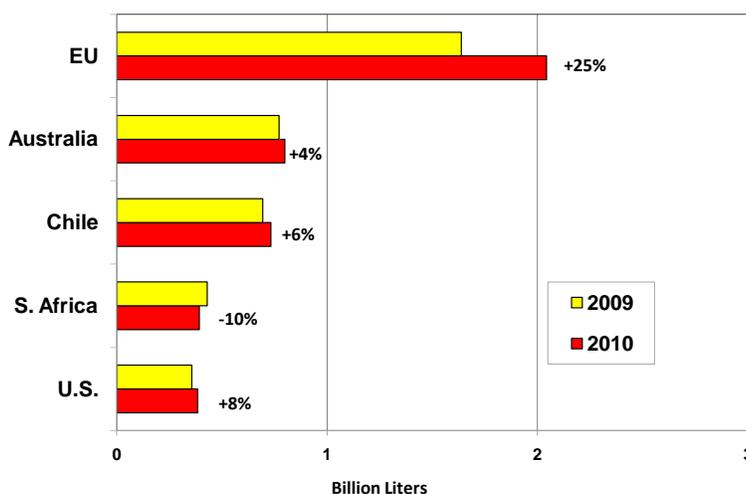


Major Exporters

The EU is the dominant exporter, accounting for over 40 percent of the world's trade. In 2010, it accounted for most of the global export growth, as EU shipments increased 25 percent to 2 billion liters due mainly to strong demand by the United States and Russia.

Australia's shipments rose slightly to 800 million liters in 2010 on higher demand from the EU, China, and Hong

EU Accounted for Most of Global Wine Export Growth



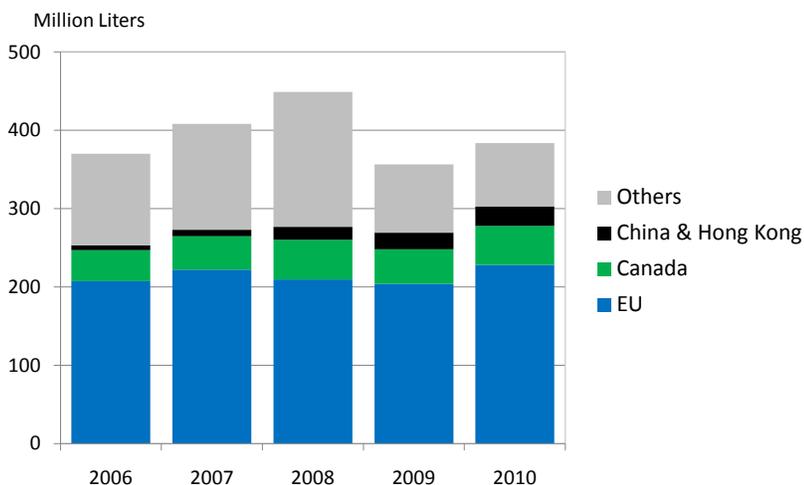
Kong. Bulk shipments continued to expand, while bottled exports fell. The high level of bulk exports has been driven by the strong Australian dollar, large inventories, and very competitive prices. The domestic industry continues to grapple with surplus supplies and low prices, and has advocated reducing the harvest area.

Despite the earthquake in 2010, Chilean exports expanded by volume and value on stronger demand from the EU and the United States and lower domestic consumption. Exports were 6 percent higher at 733 million liters, while values rose more than 10 percent to \$1.5 billion. Additionally, bottled and bulk wine prices surged on lower production due to freezing temperatures and diminished stocks after the earthquake.

South Africa's exports were down almost 10 percent to 393 million liters, resulting from a strong currency, lower supplies, and the lingering effects of the economic recession in its top market, EU. However, the long term outlook is positive. A major company is reportedly in the process of establishing a new bottling plant in the United Kingdom. Once the plant is operational, the company plans to import significant quantities of South African wine.

In 2010, U.S. exports rose almost 10 percent to about 385 million liters, aided by a weaker dollar and ample supplies of quality wine, but have yet to return to trend. Higher sales to key markets, including the EU, Canada, China, and Hong Kong, more than offset losses to Japan. Over the past several years, the share to China and Hong Kong has surged while the EU share has remained about the same. Additionally, bulk exports have been increasing, and now account for half of the shipments. Bulk shipments provide cost advantages because they are less expensive to transport and are assessed a lower tariff.

U.S. Wine Exports Expand



For more information, contact Shari Kosco at 202-720-2083 or shari.kosco@fas.usda.gov. You may also visit our commodity pages at <http://www.fas.usda.gov/commodities.asp>